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Thinking in anti-Communist circles corresponds closely with Department thinking namely emergence of anti-Communist coalition with adequate army support. Principal obstacle is Ydigoras unswerving determination to be such candidate failing which to run anyway.

However possibility of coalition candidate is dependent on election date which Congress has not yet fixed and discussion of which has now been deferred until Monday. Ydigoras is still insisting on November 24 which would preclude any new candidate. Opinion in Congress seems favor mid-January date and permitting PR inscription and new candidates.

Present two leading aspirants for coalition candidate are Peralta and Cruz Salazar. Peralta told me today he had been asked to be candidate by former Junta President Mendoza and he had accepted. He claims his supporters have commitments from several political parties to enter coalition. He believes 90 percent of army is behind him and he feels certain he will poll more votes than combined Ydigoras and PR candidates.

Carlos Cheesman told me of similar attempts form coalition but obviously favored Cruz Salazar. He said if elections were held November 24 MDN would run Ortiz again but invite Cruz Salazar back to help party consolidate army support for Ortiz if elected. If elections are held at later date MDN will seek another candidate possibly Cruz Salazar. Cheesman said MDN has lost not more than 15 percent of its strength and can win even without government support which he acknowledges will not be forthcoming.

Both Cheesman

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-2- 178, October 31, 9 p.m. from Guatemala City

Both Cheesman and Ydigoras claim government is grooming Peralta as official candidate.

Cheesman is leaving for Washington tomorrow allegedly to get ex-President Gonzalez signature on document but probably to talk with Cruz Salazar and Department.

It is doubtful Cruz Salazar or any other new candidate can win elections against Ydigoras and PR candidate without official support of magnitude that could not be concealed. Any coalition candidate thus elected would carry same stigma which attached to Ortiz and Ydigoristas and PR could again be expected charge fraud and official favoritism and cause disorders. Presumably army would react in much same way it did before and decline back up candidate so elected. It is questionable Cruz Salazar or Peralta have enough support within army prevent such eventuality. Cruz Salazar is probably more qualified for presidency than any other army officer we know. He is well thought of in some military circles particularly among younger officers. His weakness is he is not known to public. He could not persuade any significant number of PR adherents to defect unless he rejected support of conservative groups which he would need.

Ydigoras candidacy probably offers best immediate chance of anti-Communist victory in election where government is neutral. His position would be greatly enhanced if other important anti-Communist groups joined his coalition. It is doubtful he could gain support of MDN leadership which still has remnants of machine which would be useful to him. But he should be able count on some of other parties. If he again faces official candidate he would probably lose. If he won in fair election army probably would reluctantly accept him.

Ideal situation would be persuade Ydigoras withdraw in favor of moderate coalition candidate like Cruz Salazar with government being neutral or lending subtle support to such candidate. But Ydigoras is adamant.

Basic problem lies in how prevent serious split in anti-Communist forces and in event they are split avoid stigma of official support for winning candidate. Assuming they will be split Ydigoras offers best chance of victory with minimum of official support.

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